# Financial vulnerability, mothers' emotional distress and child wellbeing

## Practice recommendations

Experiencing financial vulnerability is associated with higher levels of maternal emotional distress compared with income, which shows that the broader, more encompassing, financial vulnerability is more salient than the objective measure of income. Financial vulnerability encapsulates the objective deprivation resulting from low income and the subjective deprivation associated with feelings towards managing on income. The results also suggest, as per Chambers's (1989) assertion, that measures to alleviate low income, such as increased borrowing, may increase vulnerability and that this vulnerability will be keenly felt

This has relevance to academia, policy and practice and suggests that:

- consideration should be given to financial vulnerability when working with families experiencing poverty, perhaps by means of screening by early years' practitioners.
- financial vulnerability is an easily measured concept that could be employed to establish mothers' heightened experience of vulnerability and raised risk of emotional distress.

Practitioners can refine their awareness of the risks to children's SEB wellbeing by a more detailed understanding of the differences between the causes and consequences and impacts of poverty. For example, economic disadvantage, maternal distress and financial vulnerability may be the cause of reduced SEB wellbeing for children of lone or teenage parents and not these characteristics in themselves. Workers in front-line practice could observe and measure these factors and either intervene directly, or, signpost to a statutory or voluntary organisation that could help with the multiple possible issues behind the association between income poverty, material deprivation, parental wellbeing and children's SEB outcomes. Such intervention or signposting could include:

- access to emergency funds.
- benefits advice.
- referral to furniture initiatives or other organisations that can help provide material necessities.
- support with access to employment, education, training and skills.
- help with access to nursery places for children.

A simple screening tool to ascertain financial vulnerability could be employed in assessments to potentially identify raised vulnerability in families. This would not be difficult to do using some key pieces of information and summing them to give a total financial vulnerabilities score. This would enable practitioners to devise direct interventions with the parent(s) experiencing these financial vulnerabilities. Such direct intervention could comprise signposting:

- to agencies that offer debt advice/support.
- to credit unions with accessible and cheaper credit.
- to statutory sources of income and emergency funds.

For practice, therefore, providing information on what people are entitled to, and either providing support to apply for funds or signposting to organisations that could provide such support would be useful.

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This briefing was written by Morag Treanor, Social Policy/Q-Step centre at The University of Edinburgh. It was reviewed by Pam Warner and Lynn Jamieson.



**Contact: Centre for Research on Families and Relationships***

The University of Edinburgh, 23 Buccleuch Place, Edinburgh EH8 9LN • Tel: 0131 651 1832 • E-mail: crfr@ed.ac.uk • @CRFRtweets

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**Financial vulnerability is a broader measure of socioeconomic disadvantage than income poverty although there is overlap between the two. Financial vulnerability is associated with high emotional distress in mothers, which, in turn is associated with low levels of child wellbeing. Screening new mothers for financial vulnerability to signpost on to advice and information services would be beneficial to maternal and child wellbeing.**


### Key points

- This briefing looks at the associations between children's social, emotional and behavioural (SEB) wellbeing in the context of their mothers' financial vulnerability, low income and emotional distress.
- Poor SEB wellbeing of young children is most closely linked with their mothers' emotional distress.
- In turn, mothers' emotional distress is most strongly associated with financial vulnerability (rather than low income).
- Not being in paid work is associated with a marked increase in mothers' financial vulnerability and emotional distress.
- Having a mother who has separated and re-partnered, is the only type of family formation associated with a reduction in child SEB wellbeing.
- Financial vulnerability could be used alongside poverty indicators to get a fuller picture of the social, emotional and behavioural wellbeing of young children as well as mothers' emotional distress.

## Background

### Poverty and financial vulnerability

Poverty is measured using a threshold of 60% of median equivalised income, which in 2013/2014 – the most recent year that data are available from government – meant that a couple with no children earning less than £272 per week were living in poverty. The poverty threshold varies according to the number of adults and children in the household (equivalisation). Experiences of poverty can be transient (alleviable by savings, help from family and friends, expected incomings, getting a new or better job, moving in with a partner) or chronic (persisting). They may be mild or acute. The chronicity and severity are different dimensions of poverty, but the more severe the experience is, the more likely it is to become a long term (chronic) problem, especially if debt is taken on to get through the experience.

Financial vulnerability is derived using subjective and objective measures such as: how the respondent is managing on current income, whether the respondent is in debt and the extent of their general money worries. Researching financial vulnerability is important because:

- families can experience unexpected shocks such as bereavement, illness or a sudden large expenditure that can increase financial vulnerability.
- the responsibility for managing household income can often fall to one individual who may bear the greatest strain and be negatively affected by it.
- household income is not always equally apportioned among all family members resulting in greater sacrifice for some more than others.
- people's expenditure can vary according to where they live, the quality of the house they live in, the distance they live from amenities or whether there are additional caring responsibilities and costs, for example, due to disability in the household.


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These are a few of many reasons why financial vulnerability differs from the objective measure of income poverty and why it is important to try to understand how it can affect people. Chambers (1989) in explaining financial vulnerability uses the example that poverty, as measured by low income, can be reduced by borrowing, but that the resulting debt makes households more vulnerable in the future. He argues that people living in poverty are more aware than poverty professionals of the trade-offs between poverty and vulnerability and that definitions of poverty conceived by professionals overlook vulnerability despite it being a primary concern to poor people themselves.

### Theories on how poverty and financial vulnerability affect parents and children

Poverty and financial vulnerability are known to create emotional distress in individuals. One theory suggests that people make social comparisons between themselves and others they see as similar to them in some way (Runciman, 1966). If those social comparisons are negative it is thought to induce emotional distress. For mothers living in poverty and/or financial vulnerability the comparison group may be other mothers in their community to whom they feel similar but who may have dissimilar levels of poverty or financial vulnerability. Comparing themselves to mothers with different socioeconomic realities may result in feelings of subjective disadvantage, which 'can appear as emotional distress manifested through anger and depression' (Ragnarsdóttir et al., 2013: 758, Smith et al., 2012).

Two other theories to explain the positive effects of higher income/lower financial vulnerability and the negative effects of low income/high financial vulnerability on children's outcomes in particular are the family investment model and the family stress model. The family investment model suggests that a family's ability to invest monetary resources in experiences, resources, and services will improve children's SEB wellbeing and cognitive development (Yeung et al., 2002, Conger et al., 2010). The family stress model suggests that the stress induced by low income/high financial vulnerability has adverse impacts on parents' emotional wellbeing and parenting capacity, which affect the child both directly and indirectly (Yeung et al., 2002, Conger et al., 2010). Each of these models is shown to be influential, with studies suggesting family investment has a stronger impact on cognitive development and family stress on SEB wellbeing (Schoon et al., 2010).

### Children and young people

For children and young people, studies show that older children can feel ashamed, excluded and stigmatised by their family's economic disadvantage (Holscher, 2008). This subjective distress children and young people experience is said to occur because they are unable to participate in the social, leisure and celebratory activities of their peer group, which can adversely affect their friendships and self-esteem (Ridge, 2009, Ridge, 2002). Additionally, children and young people are reported as being aware of, and worried about, the financial pressure their family is under, which has further detrimental effects on their subjective distress (Whitham, 2012). This shows that poverty and financial vulnerability have direct negative associations on children and young people's SEB wellbeing, but, it does not tell us if, or through what pathways, low income and financial vulnerability are associated with younger children.

## The study

This study used data from the Growing Up in Scotland (GUS) survey - a longitudinal birth cohort study of 5,217 children born in 2004-5, to explore the way in which financial vulnerability affects children's wellbeing. The study was particularly interested in understanding whether the impact of financial vulnerability on children was directly or indirectly linked to their mothers' emotional wellbeing.

The majority of the data used was collected when the children were aged 4 to 5 years. Child wellbeing is measured for children in this study using a standard measure called the Strengths and Difficulties Questionnaire (SDQ) completed by mothers. Financial vulnerability is measured using three pieces of information: (1) having had money worries in the last week, (2) having trouble paying household debts and (3) how the family is managing financially. Maternal emotional distress is measured using the emotional health indicators from the SF-12 health questionnaire. Other factors considered are household income, child's gender, family formation, maternal education, maternal employment, birth order of the child, and the age of the mother at the birth of her first child. The family formation categories are:

- 'stable couple family', where a couple has been together since the first GUS interview.
- 'stable lone parent family', where the respondent is the sole adult in the household in each of the five years of the study.
- 'lone parents who have re-partnered' – there is no distinction in the measure on the point at which the respondent re-partners.
- 'couple families who have separated' – the same caveat applies as before.
- 'separation(s) and re-partnering(s)' – this category does not differentiate between those who may be separating and re-partnering with the same or with different partners.

The research in this briefing used a statistical method called Structural Equation Modelling to consider the relationship between financial vulnerability, child wellbeing and maternal emotional distress.

## Findings

### Which of the study variables are associated with financial vulnerability?

Financial vulnerability is associated with, in order of importance:

- having a low income.
- having an employment status of 'not in paid work'.
- being in part-time work compared to full-time work.
- being a younger mother at the birth of the first child.
- being a separated couple.
- being a re-partnered lone parent.

Although the concept of financial vulnerability is open to the critique of being a subjective measure, ie theoretically you can feel financially insecure and poor without having a low income, this part of the analysis shows that financial vulnerability is a valid measure – it was not associated with high income or families with two parents in full-time work. Similarly, stable lone parents and stable couple families were not associated with financial vulnerability – which suggests that family change may lead to financial vulnerability temporarily.

### What affects maternal emotional distress?

Maternal emotional distress is strongly associated with, in order of importance:

- financial vulnerability.
- having an employment status of 'not in paid work'.
- having a low income.
- having been part of a couple that has since separated. No other family formations have a negative association with maternal emotional distress.

It is worth noting the association between paid work and child and maternal wellbeing. A mother not being in paid work is associated with less income, greater financial vulnerability and higher levels of emotional distress, and is negatively associated with children's SEB wellbeing. What the model does not show is whether a lack of paid work leads to emotional distress or whether emotional distress leads to difficulty in being in paid work or whether experience lies somewhere in between. However, in a time of austerity, where government cuts are disproportionately affecting women, the negative association between maternal emotional distress and financial vulnerability may be exacerbated. Again, what the model cannot tell us is whether unpaid care work leads to greater emotional distress or whether paid employment leads to reduced emotional distress, or a combination of the two. It is also worth noting that each of these variables have an additive effect, ie being recently separated, not being in paid work, having a low income and experiencing financial vulnerability when experienced together is additively associated with higher levels of maternal emotional distress.

### What affects child SEB wellbeing?

Low child wellbeing is associated with, in order of importance:

- maternal emotional distress.
- financial vulnerability.
- having parents who have separated and re-partnered repeatedly.
- being a younger mother at first birth.
- having a mother with lower educational achievements, ie having no qualifications, standard grade/GCSE, or vocational level qualifications.
- low family income.
- mother not being in paid work.

Financial vulnerability has a direct negative association with children's wellbeing, greater than a number of the other factors studied, including family income and parental separation. However, two thirds of this effect comes through the pathway of their mother's emotional distress, which is greatly affected by financial vulnerability. This supports the family stress model, where the stress induced by low income/high financial vulnerability is thought to have adverse impacts on parents' emotional wellbeing and, through them, can adversely affect children's wellbeing.

Family transitions are not generally associated with children's SEB wellbeing, but they are directly associated with financial vulnerability. The 'couple who separated' family transition was directly linked to higher levels of maternal emotional distress, which suggests that women experiencing separation would benefit from targeted emotional and financial support. The categories 'stable lone parent' and 're-partnered lone parent' have no direct significant association with child SEB wellbeing, which suggests that the effect of a couple separating on maternal emotional distress is likely to be time-limited. In the end, only 'separations and re-partnerings' was directly linked to poorer child SEB wellbeing, which may indicate flux and uncertainty in a family's life.




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